

# SFC Guidance

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## Guidance for the development of University Outcome Agreements: 2017-18 to 2019-20

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FAO: University Principals

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## Foreword

The Scottish Funding Council is committed to working with Scotland's universities and colleges to make Scotland the best place in the world to learn, to educate, to research, and to innovate.

With SFC support, our universities and colleges will continue to bring about the Scottish Government's vision of a smarter, fairer, wealthier and greener Scotland. They will do this by *investing* in their people and estates, giving learners access to high-quality teaching and well-equipped, sustainable facilities; by working with industry to drive *innovation* in the economy, recognising and redressing skills gaps, and improving the well-being of citizens; by promoting *inclusivity*, transforming lives by breaking down barriers and reducing income inequality; and by being outward looking and competitive, actively promoting Scotland on the *international* stage.

Working in partnership with our institutions, we want the 317,000 students in our universities and colleges to have the best possible learning experience so that they are equipped to think, to act, and to contribute in their workplaces and in their communities within Scotland – and beyond. Furthermore, we want this opportunity to be available to people from *all* backgrounds and are therefore committed to working with our institutions to respond to the recommendations of the Commission on Widening Access in its '*Blueprint for Fairness*' which asserts Scotland's 'moral, social and economic duty' to tackle inequalities.

Public bodies should lead the way on Fair Work, ensuring access to good jobs providing security and opportunity to employees, treating them with respect and providing fair reward. There are currently four universities and four colleges accredited as Living Wage Employers. We would encourage all institutions to become Accredited Employers and to promote the benefits of Fair Work, both through their HR functions and more widely to staff and students.

The Scottish Government's review of its enterprise and skills agencies is due to report its first phase conclusions in Autumn 2016. This may have an impact on some elements of this guidance, and supplementary guidance will be provided if required. The guidance will also be refreshed in each year of the cycle to reflect the developing priorities of the Scottish Government and SFC.

## Introduction

1. This guidance explains the process of negotiating an Outcome Agreement (OA) with the Scottish Funding Council (SFC) for Academic Years (AY) 2017-20. It also explains how we will monitor previous years' Outcome Agreements.
2. SFC introduced university Outcome Agreements in AY 2012-13. They are intended to help universities<sup>1</sup> demonstrate their distinct contribution to the Scottish Government's priorities as set out in the Scottish Economic Strategy<sup>2</sup> and annual Programme for Government. Outcome Agreements have become a powerful tool in demonstrating what universities deliver in return for public investment.

## The Outcome Agreement process: relationships and reporting

3. The Outcome Agreement process is intended to complement and support an institution's own strategic ambitions. Achieving these ambitions is ultimately the responsibility of a university's court or governing body. An Outcome Agreement should align with an institution's strategy so that it enables the institution to negotiate its contribution toward sector level impacts according to its mission and strengths.
4. The Outcome Agreement process combines two elements: a **relationship** with Outcome Agreement managers and their teams; and **reporting**, where universities demonstrate their commitment to meeting Scottish Government priorities through their stated ambitions and subsequent evaluation.

### *Relationship*

5. A strong working relationship with SFC Outcome Agreement managers and their teams can enhance mutual understanding. Outcome Agreement teams will ensure that the particular contribution and context of an institution is fully understood across the SFC executive and board, and can facilitate engagement with SFC funding and policy colleagues, and partner bodies (e.g. QAA and SDS) as required. They will also support and challenge institutions to make more effective and explicit commitments in support of SFC and Scottish Government priorities. Outcome Agreement discussions are also a forum where institutions

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<sup>1</sup> Scotland has 19 higher education institutions of which 16 are universities and three are specialist higher education institutions. The term 'university' is used at times in this document but should be understood to mean all 19 higher education institutions

<sup>2</sup> <http://www.gov.scot/Topics/Economy/EconomicStrategy>

can, in confidence, share and explore their strategic ambitions with SFC colleagues.

### ***Reporting***

6. Outcome Agreements should be concise documents focused on SFC's strategic plan priorities outlined in **Table 2** below. **If possible, they should be multi-year (three-year) documents, and preferably not more than 25 pages in length.**
7. SFC recognises that not all of the aspects of the guidance will be relevant to every institution. In recognition of the diversity of the sector, SFC encourages universities to interpret and apply this Guidance in a way that is appropriate to their particular context and mission.
8. Universities should use the SFC measures of progress outlined in **Table 2** as well as their own indicators and evidence of progress, to capture their contribution to SFC and Scottish Government priorities in their Outcome Agreements.
9. The level of ambition reflected in an institution's Outcome Agreement should be reviewed on a yearly basis with annual updates submitted in line with the timetable outlined below. This is to reflect progress made, and the fact that things may happen that are beyond an institution's control, or the contents of the agreement may be overtaken by events. Commitments made in the first year of the cycle will be deemed to stand for the three years of the cycle unless they are explicitly refuted/ replaced in later iterations. SFC will be sympathetic to institutions reviewing their commitments, however, should the changing and public policy and fiscal environment make changes necessary.
10. Please contact your Outcome Agreement team for more information on the process, and to discuss the details of your institution's agreement.

### ***Monitoring***

11. Outcome Agreements for AY 2017-18 will be informed by the monitoring of progress and achievements from previous years. This will focus on the 2014-15 and 2015-16 agreements, and very early progress from the 2016-17 agreements.
12. We will discuss progress with institutions throughout the year. The monitoring process includes a number of key stages, which are set out below.

### ***Self-evaluation***

13. All universities should prepare and send to SFC an annual self-evaluation progress report in late October covering the preceding academic year. This

applies regardless of the period covered by the Outcome Agreement, which may be one to three years. This self-evaluation will be used by Outcome Agreement teams in their monitoring of, and negotiations with, institutions on future outcome agreements. Further information on how to complete a self-evaluation report is contained in **Annex A**.

### **On-going monitoring and early data returns**

14. Building on this evidence base, we will provide an assessment of progress for each institution, which will then be discussed with the university.
15. We also require an in-year **Early Access Return** for the end of October which should be submitted, if possible, along with the Self Evaluation. This is separate from the Early Statistics Return, as suggested by practitioners in the sector, and will look beyond the take-up of additional funded places to consider trends in widening access more generally. Given the statutory nature of the widening access elements of Outcome Agreements (following the Post-16 Education (Scotland) Act 2013) this in-year data is crucial to meeting some elements of SFC's duties under the Act, and will also be part of a wider effort to ensure we have the right data at the right time. It will also be helpful to SFC and universities in better judging the success of interventions. We expect that over time this exercise will develop in collaboration with the sector as our understanding of this area improves.

### **Outcome Agreements and funding**

16. Outcome Agreements set out what an institution plans to deliver in return for their funding from SFC. The process aims to deliver a funding system that supports institutions in pursuing realistic goals that are complementary to their strategies, agreed by their Court / Board and deliver progress toward SFC and Scottish Government priorities.
17. Performance and progress towards agreed outcomes is the responsibility of universities as autonomous institutions. In allocating funding to achieve specific outcomes, SFC expects institutions to deliver on these outcomes.
18. Within their Outcome Agreements institutions are asked to set out their objectives across the full range of SFC funded activity. The majority of SFC funding in relation to teaching, research and innovation will continue to be based on formulae. Funding under these streams have their own understood system of funding recovery and penalties and is broadly covered within the revised Financial Memorandum published in 2014.

19. SFC will monitor progress and decide whether to apply a funding recovery and / or financial penalty within the Outcome Agreement process for aspects of Outcome Agreements, specifically:
  - Outcome Agreement funded incentive mechanisms.
  - Other objectives agreed in Outcome Agreements that are aligned to Scottish Government priorities but not governed by the Financial Memorandum.
20. When considering progress, SFC will establish evidence of under-delivery from a combination of the statistical data available, from the progress reported by institutions and by the information available from the outcome manager and key stakeholders. It will be the responsibility of an institution to make its case in relation to its progress, so that the decision making process is informed by a full and accurate agreement of the progress submitted by the institution.
21. Concern over under-delivery will be highlighted if and when it is identified. As is currently the case, with action to reduce funding, funding recovery or application of a penalty would only be taken once statistical evidence was established.
22. If there is evidence of under-delivery, SFC will consider the relationship between the scale of under-delivery, the duration of under-delivery and the relative strategic importance of outcomes that have not been delivered. Typically, an outcome of high strategic performance would relate to a Scottish Government priority, or to a priority highlighted within SFC guidance.
23. SFC may then take four types of action which are not mutually exclusive:
  - Establishing an improvement plan in relation to specific areas of under-delivery with no impact on funding.
  - Reducing funding in future years commensurate to the level of under-delivery.
  - Applying funding recovery.
  - Applying a penalty where it is necessary.
24. **An outcome agreement which lacks sufficient commitment in support of SFC and Scottish Government priority outcomes may not be approved by the SFC.**



## **Institutional aspirations and SFC measures of progress**

25. Institutions area asked to share their aspirations for improvement using the measures of progress outlined in **Table 2**. **In setting out their aspirations universities are asked to submit a summary of baselines, milestones, and targets as an attachment to their outcome agreement. This summary will form an integral and critical part of the final agreement. In advance of annual negotiations SFC will issue a bespoke pro-forma to each institution with the current baselines for each of the measures of progress.** This will allow SFC to discharge its responsibility to Scottish Government and Scottish Parliament to account for the effective use of public funding for the sector in securing national priority outcomes.
26. Aspirations for progress against measures should cover the three year period from AY 2017-18. SFC measures of progress draw on HESA data and a small number of other data sets in everyday use by the sector and do not, therefore, represent a significant reporting burden on institutions.
27. Progress against measures should be reported consistently with reference to the technical annex to this paper (**Annex B**) and the baseline agreed with SFC. Institutions should contact their Outcome Agreement team as soon as possible if they are unable to replicate baseline data using the technical guidance.
28. As outlined above, to provide a more comprehensive account of progress against priority outcomes (e.g. widening access), we encourage institutions to submit their own measures in addition to those outlined in **Table 2**.

## **Review of SFC measures**

29. SFC developed measures of progress for the AY 2014-15/2016-17 cycle in consultation with Universities Scotland. We have reviewed these measures to ensure that they remain relevant and fit for purpose – taking into account feedback from universities. We do not propose any significant changes to these measures for the new cycle, other than those outlined below:
  - In response to recommendations from the Commission for Widening Access (CoWA), SFC now asks that institutions set out their **aspirations for the recruitment of Scotland-domiciled undergraduate entrants from the 20% most deprived backgrounds (Measure 2a)**. We will continue to monitor recruitment of those from the 20-40% most deprived backgrounds (Measure 2b).

- In addition to Scotland-domiciled graduates entering positive destination (Measure 9a), we will monitor the **number of Scotland-domiciled graduates entering professional occupations (Measure 9b)**.
- Institutions are asked to continue to set out their aspirations to secure income from the UK research councils (Measure 11), to capture the competitiveness of institutions research excellence. Specific measures on charity and European Commission income have been dropped for this cycle. In their place institutions are asked to set out their **aspirations to grow their total research income from all sources (Measure 12)** to more effectively capture the success of all institutions in growing their research income<sup>3</sup>.
- The measure of annual capital and maintenance spend on estates and buildings as a proportion of the value of the estate (previously Measure 16) has been dropped from this cycle. Institutions may, however, reflect on how they ensure an effective and sustainable estate in their commentary on wider institutional sustainability (Priority 5), and the learning and research environment (under Priorities 2 and 3 respectively).

## Staff and student engagement

30. Under the Post-16 Education (Scotland) Act 2013, universities are required to consult with their student association and the representatives of any recognised trade union in entering into a widening access agreement (now part of university Outcome Agreements). In line with this, we expect universities to summarise how – from the outset of the process – their Outcome Agreements have been developed in consultation with students, the university’s students’ association, staff, and with trade union representatives. Given the emphasis on gender balance in senior staff in the letter of guidance to the SFC from the Minister for Further and Higher Education and Science, we also expect the discussions with trade unions to cover actions to reduce gender imbalances in senior staff. This does not replace any interactions with staff and student union representatives at Strategic Dialogue Meetings.

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<sup>3</sup> SFC will continue to monitor European Commission and other sources of income under Measure 12 (Total research income). Please note that Universities are still eligible to apply for Horizon 2020 funding until the UK leaves the EU.

## Timeline

31. We will begin discussing the content of AY 2017-18 Outcome Agreements immediately with a well-developed draft due in December and a final OA submitted by the end of March.
32. The Outcome Agreement timeline is as follows:

<b><i>Table 1: Key dates for Outcome Agreements AY 2016-17</i></b>	
Guidance updated and published	October 2016
Negotiations start	October 2016
Self-evaluation progress report on AY 2014-15 submitted Early Access Return due	31 October 2016
Well-developed draft Outcome Agreement submitted	16 December 2016
Final Outcome Agreement submitted	31 March 2017
Outcome Agreements and funding allocations published	April 2017

**Table 2: Framework for developing Outcome Agreements: outcomes, commitments, and evidence of progress**

*Institutions are asked to use the following guide in the development of their Outcome Agreements.*

Priority 1: Widening access – learning that is accessible and diverse, attracting and providing more equal opportunities for people of all ages, and from all communities and backgrounds		
Outcomes	Commitment, strategies and evidence of progress	Measure of progress
<p><i>‘A child born today in one of our most deprived communities will, by the time he or she leaves school, have the same chance of going to university as a child born in one of our least deprived communities’</i></p> <p><b>Nicola Sturgeon</b> <b>First Minister</b> <b>November 2014</b></p> <p>Scotland is a more equal society by widening access to learning for communities that are under-represented and by promoting equality and diversity</p> <p>Enhanced learner journeys with more and better pathways for students</p>	<p>Institutions are asked to summarise their strategies to reduce barriers, and proactively promote access to higher education to learners from deprived or disadvantaged backgrounds. This summary should include evidence of <b>strategic commitment to</b> and <b>aspirations for</b> widening access to disadvantaged groups (specifically those from SIMD20 and care experienced backgrounds), and may include activities to:</p> <ul style="list-style-type: none"> <li>• Identify and address under-representation from protected characteristic and socio-economic groups.</li> <li>• Recruit those from care experience backgrounds, and transitional and support arrangements to assist them complete their programmes of study.</li> <li>• Maximise opportunities for progression from college.</li> <li>• Promote access to high demand courses and professions.</li> <li>• Support learners from disadvantaged and under-represented groups complete their programmes of study.</li> <li>• The use and impact of SFC strategic investments to support widening access and retention.</li> <li>• Proactively address gender imbalances in programmes, specifically those subjects areas with severe imbalances (i.e. &gt;75%).</li> </ul>	<p><b>(1)</b> The <b>number</b> and <b>proportion</b> of Scotland-domiciled learners articulating from college to degree level courses with advanced standing</p> <p><b>(2a)</b> The <b>number</b> and <b>proportion</b> of Scotland-domiciled undergraduate entrants from the <b>20%</b> most deprived backgrounds</p> <p><b>(2b)</b> The <b>number</b> and <b>proportion</b> of Scotland-domiciled undergraduate entrants from the <b>40%</b> most deprived backgrounds</p> <p><b>(3)</b> The <b>number</b> and <b>proportion</b> of Scotland-domiciled undergraduate entrants from the Schools for Higher Education Programme (SHEPP)</p> <p><b>(4)</b> The <b>number</b> and <b>proportion</b> of Scotland-domiciled undergraduate entrants from different <b>protected characteristic groups</b> and <b>care experienced learners</b></p> <p><b>(5)</b> The <b>number</b> and <b>proportion</b> of full-time first year Scotland-domiciled entrants from the <b>20% most deprived backgrounds</b>, from <b>care experience backgrounds</b>, and <b>protected characteristic groups</b>,</p>

	<ul style="list-style-type: none"> <li>Demonstrate their current and future commitment to students (and staff) who are carers.</li> </ul>	returning to study in year two
<b>Priority 2: High quality learning and teaching – an outstanding system of learning that is accessible and diverse where students progress successfully with the ability, ideas and ambition to make a difference</b>		
<b>Outcome</b>	<b>Commitments, strategies and evidence of progress</b>	<b>Measure of progress</b>
<p>Scotland has an outstanding system of learning where all students are progressing successfully and benefiting from a world-class learning experience in the hands of expert lecturers delivered in modern facilities</p> <p>A more successful economy and society with well prepared and skilled students progressing into jobs with the ability, ideas, and ambition to make a difference</p> <p>Scotland is a more equal society because learning is accessible and diverse, attracting and providing more equal opportunities for people of all ages, and from all communities and backgrounds</p>	<p>Institutions are asked to summarise their approach to enhancing the quality and delivery of learning and support for students, and outline their strategies to ensure that students leave university with the skills, flexibility and attributes to succeed. Where appropriate statements should describe strategies to:</p> <ul style="list-style-type: none"> <li>Identify and address barriers to retention.</li> <li>Adjust and adapt their curriculum in response to evidence of current and future skills needs of employers and the economy, particularly those of priority sectors (e.g. ICT/digital and low carbon sectors) and STEM provision.</li> <li>Evidence how the institution meets the needs of current and future skills requirements of employers as outlined in the Sector Skills Investment Plans, other available labour market information, and through their partnerships with employers.</li> <li>Enhance the provision of work related learning opportunities and co-funded models for employees.</li> <li>Internationalise the student experience, and enhance and increase student mobility, particularly outward student mobility.</li> <li>Grow the number of students developing their foreign language skills, and demonstrate commitment to ESOL provision, whether as part of a formal course of study</li> </ul>	<p><b>(6)</b> The <b>number</b> and <b>proportion</b> of full-time first year Scotland-domiciled undergraduate entrants returning to study in year two</p> <p><b>(7)</b> The difference from the individual institution's UK benchmark figure for students satisfied with the overall quality of their course of study in the National Student Survey</p> <p><b>(8)</b> The <b>number</b> and <b>proportion</b> of Scotland-domiciled undergraduate entrants to STEM courses</p> <p><b>(9a)</b> The <b>number</b> and <b>proportion</b> of Scotland-domiciled graduates entering positive destinations</p> <p><b>(9b)</b> The <b>number</b> and <b>proportion</b> of Scotland-domiciled graduates entering professional occupations</p>

	<p>or as complementary learning.</p> <ul style="list-style-type: none"> <li>• Support the training and development of the health and social care workforce with the skills and values to deliver high quality care in Scotland.</li> <li>• Support the implementation of the <i>National Gaelic Language Plan</i>.</li> <li>• Promote credit rating of their provision on the SCQF.</li> </ul> <p>Where necessary, institutions should also outline plans for any significant changes to their provision.</p>	
<b>Priority 3: World-leading research – world-leading universities, nationally and internationally connected with a global reputation for their research</b>		
<b>Outcomes</b>	<b>Commitment, strategies and evidence of progress</b>	<b>Measure of progress</b>
<p>Universities have a world-leading reputation for the impact of their research</p> <p>Scotland is a country of discovery where talented researchers from across the world come together to explore, challenge and address some of the most fundamental questions facing our society</p> <p>Universities have world-class facilities, a global reputation and standing, and international connections and collaborations</p> <p>Scotland is a place that nurtures, develops and trains the international research leaders of tomorrow</p>	<p>Institutions are asked to summarise their strategies to enhance the competitiveness and international standing of their research, maximise the impact of their research, and embed a culture where diverse researcher talent is nurtured and developed. Where appropriate statements should outline <b>strategies</b> and <b>aspirations</b> to:</p> <ul style="list-style-type: none"> <li>• Enhance their performance in a future REF exercise.</li> <li>• Grow research income from the UK research councils and other sources, and how they will use REG funding to support research excellence.</li> <li>• Sustain a high-quality environment for research training and development.</li> <li>• Enhance the development and diversity of its researchers (including ambitions for <i>Athena Swan</i> and <i>Excellence in Research</i> recognition), and address equality and diversity issues identified by REF2014.</li> <li>• Enhance research collaboration including to support the research pools, and promotion of multi /</li> </ul>	<p><b>(10)</b> Number of research postgraduate students</p> <p><b>(11)</b> Total income from the UK Research Councils</p> <p><b>(12)</b> Total research income from all sources</p>

	<p>interdisciplinary working.</p> <ul style="list-style-type: none"> <li>Enhance public and cultural engagement and contribute to public policy and public sector delivery.</li> </ul> <p>Institutions are also asked to evidence their commitment to the principles set out in the Universities UK <i>Concordat to support research integrity</i>.</p>	
<b>Priority 4: Greater innovation in the economy – a national culture of enterprise and innovation leading to a more productive and sustainable economy</b>		
<b>Outcomes</b>	<b>Commitment, strategies and evidence of progress</b>	<b>Measure of progress</b>
<p>Scotland's economy is stronger, more productive and resilient with economic growth supported by innovation from our universities</p> <p>Scotland's research excellence attracts investment and job creation from the world's most dynamic international businesses</p> <p>A deep culture of collaboration between universities, colleges, business, and venture capital and improved commercialisation of research</p> <p>Businesses in Scotland use innovation to improve their competitiveness, productivity and growth. Our entrepreneurial students and researchers drive the growth of innovative new businesses and</p>	<p>Institutions are asked to summarise their approach to sustaining a culture in which innovation can flourish, and their work with business, industry, and the public sector to find innovative solutions that support economic growth, and impact on our society and culture. Where appropriate statements should outline plans and/or strategies for:</p> <ul style="list-style-type: none"> <li>Engaging with the innovation landscape in Scotland including Innovation Centres, Interface, Innovation Vouchers, and the Scottish Government's proposed innovation reforms.</li> <li>Delivering the Innovation Scotland Action Plan.</li> <li>Engaging with SFC and Innovation Centres on the recommendations of the Innovation Centre review.</li> <li>Delivering the individual institution's agreed contributions to the nationally agreed University Innovation Fund (UIF) outcomes.</li> <li>Embedding enterprise and entrepreneurship training in its programmes.</li> <li>Ensuring their research and innovation activity is state-aid compliant.</li> <li>Securing matched-funding from industry for SFC</li> </ul>	<p><b>(13)</b> The number of SFC innovation vouchers (IVs), Follow-on IVs and H2020 IVs</p> <p><b>(14)</b> Individual HEI UIF progress measures and sector wide reporting</p>

improvements to our public services	additional skills places.	
<b>Priority 5: High-performing institutions – a coherent system of high-performing, sustainable institutions with modern, transparent and accountable governance arrangements</b>		
<b>Outcomes</b>	<b>Commitment, strategies and evidence of progress</b>	<b>Measure of progress</b>
<p>Scotland's universities are able to demonstrate value for money and impact for the public investment they receive</p> <p>Scotland's universities are recognised as exemplars of good governance and demonstrate continuous improvement in their governance arrangements</p> <p>Universities actively promote sustainability and meet and exceed targets for reduced carbon set out in legislation</p> <p>Universities promote equality and diversity in their operation and help to create a more equal society</p> <p>Scotland's universities are coherent and well connected contributing to all aspect of Scotland's educational, social, cultural and economic life</p>	<p>Institutions are asked to summarise how they ensure continuous improvements in the quality of their governance, promote equality and diversity in all their activities, and demonstrate enhanced sustainability – securing best value for public investment. Summaries should outline how institutions:</p> <ul style="list-style-type: none"> <li>• Are discharging their obligations under the Climate Change (Scotland) Act 2009.</li> <li>• Address statutory requirements to eliminate discrimination, advance equality of opportunity and foster good relations.</li> <li>• Use data and consultation processes to evidence and address under-representation of protected characteristic groups.</li> <li>• Are securing value for money in the use of public funding, (including through joint activities, shared services and better procurement).</li> </ul>	<p><b>(15)</b> Gross carbon footprint (3 year period)</p>



## **Cross cutting themes**

### ***Partnership working and collaboration***

33. Universities have developed many types of partnerships within Scotland, across the UK and beyond. SFC recognise that only through partnership working – with other universities and colleges; local authorities; research, enterprise and skills agencies; employers; industry; health trusts; and many others – can institutions fully realise their own individual strategies, and address Scotland’s many complex challenges (and opportunities) in a coordinated and coherent way.
34. In a changing and uncertain public policy and fiscal landscape we would like to see intensification in partnership working and collaboration to secure the continued effectiveness and sustainability of the sector. In their Outcome Agreements we ask institutions to articulate their commitment to partnership working to deliver the priority outcomes outlined in the table above. These partnerships might include, but are not restricted to: the sharing of research, teaching and learning resource; the provision of work placement opportunities; the co-design and delivery of provision including work based degrees; the professional accreditation of programmes; developing efficient and effective learner pathways; access initiatives; and the sharing and provision of joint services.
35. SFC and Scottish Government would particularly like to hear how institutions are working collaboratively to maintain their relationship with partners in the EU, will continue to foster international collaboration enabled by EU research programmes, and will ensure that EU students continue to benefit from Scottish HE programmes, (and Scotland and the learner experience for Scottish students continues to benefit from their presence).

### ***Equality and diversity***

36. Equality and diversity is a theme that touches on all of SFC’s priority areas. SFC and individual institutions have a legislative duty to respond to the general and Scottish specific duties of the Equality Act (2010). SFC’s equality outcomes and ambition as published on our website<sup>4</sup> are closely aligned with the principles and duties of the Act, and are delivered through sector strategies. These strategies include, but are not restricted to: SFC’s Gender Action Plan, the Race Equality Framework 2016-30, the British Sign Language National Plan, and the final report of the Commission on Widening Access.

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<sup>4</sup> [SFC’s equality outcomes and ambition](#)

37. To meet the statutory requirement for equality impact assessments (EIA) of new and revised policies, **institutions are required to undertake equality impact assessments of their Outcome Agreements**. This process will support institutions to identify priorities for advancing equality in relation to all protected characteristics for the period of the outcome agreement (i.e. a three year agreement will only need one EIA every three years, but this should be revisited annually if changes are made).
38. In addition to this process, university equality and diversity leads can advise on the institution's published equality outcomes and the development of new equality outcomes for publication by April 2017, to ensure that there is alignment with institutional equality and diversity work, including specialist skills in EIA.
39. SFC funds the Equality Challenge Unit (ECU) and the Higher Education Academy to support institutions in this work. ECU provides guidance on how universities should reflect on equality and diversity issues in their Outcome Agreements on their website<sup>5</sup>.

### **Carers**

40. Institutions are asked to include a statement in their agreements outlining their current and future commitments to support students and staff who are carers, and – where known – state the number of individual staff and students who are carers.
41. The Carers Trust defines a carer as: *'anyone who cares, unpaid, for a friend or family member who due to illness, disability, a mental health problem or an addiction cannot cope without their support'*.
42. The statement on carers should also outline on how institutions identify carers including students or staff who become carers during the year, promote a positive declaration environment, support carers, and how they work in partnership with local authorities to help them meet their duty under the Carers (Scotland) Act 2016. The SFC and the Scottish Government are supportive of the Carers Trust campaign 'Going Higher' campaign and although this campaign is targeted at universities we encourage both colleges and universities to evidence their support for this through their outcome agreement.

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<sup>5</sup> [Equality Challenge Unit](#)

## ***British Sign Language***

43. SFC is committed to supporting the implementation of the British Sign Language (Scotland) Act 2015. We will contribute to the development of the BSL National Plan over 2016-17 and will support colleges and universities to develop their individual plans. Through these plans we will seek to increase awareness of BSL and demonstrably improve access to services for Scotland's deaf and deafblind population over the three year OA period. We will be working closely with the Scottish Government, Scottish Council on Deafness, Deaf Action, students, colleges and universities and others to advance this work.

## ***Gender***

44. We ask for all universities to outline their key ambitions to tackle gender imbalances at a subject level within their Outcome Agreements. These should be clear outcomes focused on the subject areas with the greatest gender imbalances (i.e. >75%). Also, institutions should set outcomes to address the overall underrepresentation of male students at undergraduate level. In addition, we ask that institutions identify where they have an imbalance between male and female students within retention by subject and to outline the outcomes they hope to achieve in addressing the imbalance.
45. We invite universities to highlight how through responding to the Public Sector Equality Duty they are proactively promoting gender equality in relation to their staff and to their governing body. This should include reporting on progress with addressing gender imbalances at senior academic level and how they are working towards eliminating the gender pay gap. As noted elsewhere, this aspect of the outcome agreement should be the subject of consultation with staff trade unions. In addition, institutions will be aware of the Gender Balance on Public Boards legislation announced in the Programme for Government. We ask that universities indicate how they are working towards improving gender balance on their Board or Court. Institutions are welcome to include this as part of their institutional gender action plan.
46. All activity towards achieving these outcomes should be outlined within an institutional gender action plan. SFC will issue guidance through the OA process giving more detail to support the development of institutional action plans. We would expect these to be developed by July 2017 and should outline the actions the institution will undertake to achieve the outcomes outlined in their Outcome Agreement. These should correspond with the aims of SFC's Gender Action Plan<sup>6</sup>, i.e. a focus on actions to enhance 1. Infrastructure, 2. Influencing

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<sup>6</sup> [SFC Gender Action Plan](#)

the influencers, 3. Raising awareness and aspiration, 4. Encouraging applications and 5. Supporting success<sup>7</sup>.

### ***Society and Culture***

47. Scotland's universities have a significant impact on the social and cultural life of Scotland, the UK and internationally. Universities may wish to reflect on this important role – particularly with respect to their immediate communities – and their aspirations towards enhancing this contribution in their Outcome Agreement.

### ***Gaelic***

48. Where appropriate, Outcome Agreements should include reference to the current National Gaelic Language Plan – noting that there will be a new plan for 2017-22 – and to institutions' contributions to its aims. Contributions include maintenance and development of provision for Gaelic learners, and for Gaelic speakers among their staff, students and others with whom they engage.
49. We continue to expect institutions to demonstrate that they have:
- Examined evidence on Gaelic use, and demand for use and learning, in their communities.
  - Considered the appropriate level of support for the language, including potential new provision to fill identified gaps.
  - Considered and provided undertakings on how they will build and protect their Gaelic provision, including staff development and succession planning.

## **Developing policy priorities for 2017-18**

### ***A developed workforce***

50. In our analysis of current Outcome Agreements we think there is scope to provide greater evidence in Outcome Agreements of how universities are responding to skills needs, including those expressed in Skills Investments Plans

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<sup>7</sup> These themes are taken from the research of the Higher Education Academy; [Whose Job is it Anyway?](#), commissioned by SFC to underpin the gender action plan. More detail on these five themes and on the areas for potential development in Scotland's work to tackle gender imbalances is given within the executive summary of the research.

(SIPs). Based on evidence this should include a reflection on those curriculum areas where the intention is to invest or rationalise provision.

51. Previous Outcome Agreements have not always demonstrated the extent and effect of employer engagement in course and curriculum design and delivery. For 2017-18 we want to discuss with institutions the level and extent of employer engagement within curriculum areas and outline how this engagement impacts on student experience and employability.
52. Outcome Agreement Managers will discuss with institutions their aspirations in relation to the proportion of graduates entering positive destinations. For 2017-18 we will also monitor the proportion of graduates entering professional occupations. We expect institutions to identify areas of provision in which high proportions of graduates fail to enter employment at graduate level, and provide an action plan identifying areas of skills development to improve graduate employability, including for particular learner groups such as those with disabilities; and the actions that they are taking to enhance employability and entrepreneurship.
53. In the 2015-16 OA Guidance universities were asked to provide a baseline of current provision in relation to placements and express their ambitions for growth. This continues to be a priority. Institutions should identify curriculum areas where there are few placements and state their aspiration for growth. Institutions may also wish to reflect

### ***Commission on Widening Access***

54. The Commission on Widening Access (CoWA) issued its final report, *A Blueprint for Fairness*<sup>8</sup> in March 2016. The Commission was tasked by the First Minister to advise on the steps necessary to widen access to universities to those from our most deprived communities. Delivering on progress with this ambition is a clear priority of the Scottish Government and SFC. The report made a number of recommendations on the continued use of Outcome Agreements in monitoring progress with widening access, and proposes a set of institutional and sector wide targets that the Commission regards as both necessary and achievable. SFC will consider how to incorporate these into guidance and in our Outcome Agreement discussions with institutions we will consider these targets alongside our established measures of progress. SFC will issue additional guidance on how it will take forward the CoWA recommendations later this year.

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<sup>8</sup> <http://www.gov.scot/Publications/2016/03/1439>

### ***SFC national aspirations for widening access***

55. In response to Scottish Government priorities and ministerial letters of guidance, SFC has developed national aspirations for widening access for the three year period beginning AY 2017-18. These have been shaped by SFC's Strategic Plan priorities, the recommendations of CoWA, and are underpinned by legislation associated with the delivery of the Post-16 Education (Scotland) Act 2013.

56. SFC's national aspirations for widening access for the three-year period from 2017-18 are outlined below. **We will negotiate the contribution of individual institutions to these aspirations as part of our Outcome Agreement discussions:**

- Between 4,200 and 4,500 students articulate to university with advanced standing per year by 2016-17 rising to 5,500 per year by 2019-20.
- By 2030, students from the 20% most deprived backgrounds should represent 20% of entrants to higher education. To drive progress toward this goal our aspiration is to achieve 15.5% by 2019-20 (CoWA).
- By 2030, students from the 40% most deprived backgrounds should represent 40% of entrants to higher education. To drive progress toward this goal our aspiration is to achieve 34.1% by 2019-20.
- By 2021 students from the 20% most deprived backgrounds should represent at least 10% of full-time first degree entrants to every individual Scottish university (CoWA).
- The proportion of full-time first year Scotland-domiciled entrants returning to study in year two should increase to 91% by 2016-17 and 93% by 2019-20.
- Reduce the gap between male and female participation in undergraduate study from a 15.4% gap (of full-time Scotland domiciled first year entrants) to 10.4% by 2030. As a milestone we will look to have reduced this gap to 13.6% in 2019-20.
- Reduce the number of subjects with extreme gender imbalance (defined as a 75/25 ratio or greater) by 50% by 2025-26 and eliminate extreme imbalance completely by 2030-31. Please note that this milestone and target builds in a capacity building assumption up to 2020.

- By 2018-19 the ambition for care experience is to increase intake from 366 for Scotland-domiciled under-graduate entrants to 400, and increase retention to within 5% of the sector average for Scotland-domiciled undergraduates. We expect to continue to ensure the gap between outcomes for those with care experience and those without is narrowed, aiming for parity by 2021.

### ***Contextualised admissions***

57. Over the period of this Guidance, SFC will finalise commissioned research, understand its implications and work with the sector to develop policy and practice in light of its findings. We will work with institutions increase the effectiveness of their contextual admissions policies and to demonstrate that effectiveness more clearly in their outcome agreements.

### ***Care experienced learners***

58. The Children and Young People's (Scotland) Act 2014 places duties on universities in relation to young people in care and care leavers. The Scottish Government have also made a manifesto commitment to ensure that every care experienced young person meeting the entry requirements will be able to go to university on a full bursary. Outcome Agreements should contain an outline of the activity being undertaken to remove barriers to participation and to achieve successful outcomes among young people in care and care leavers. This should include any joint working with schools and colleges to ensure a successful transition for individuals, and retention and progression to positive destinations thereafter. SFC's national ambition for care experience is set out in more detail in Annex H to last year's guidance<sup>9</sup>, and is captured in SFC's national aspirations for widening access (above).

### ***University Innovation Fund***

59. The new University Innovation Fund (UIF) will be in place from AY 2016-17 onwards, replacing the Knowledge Transfer Grant (KTG). The UIF comprises platform grant and outcomes grant. UIF will be fully incorporated into the Outcome Agreement process from AY 2017-18 onwards. Over AY 2016-17 the SFC will work with the sector to agree future national priorities for the UIF. The national priorities will be informed by Scottish Government guidance to SFC and wider government strategy. These priorities will be used to develop a series of sector-wide ambitions that each institution will report on through the Outcome Agreement process. Monitoring of the outcomes grant will be mostly a

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<sup>9</sup> [College Outcome Agreement Guidance AY 2016-17](#)

qualitative process and will require an enhanced working relationship between outcome agreement managers and SFC policy teams.

60. Measure of progress 14 (**Table 2**) refers to the development of a sector wide (light touch) framework for monitoring and evaluating the success of the new UIF approach at a national level. This should have the purpose of capturing progress and challenges, sharing good practice, and overall helping us understand how the UIF has supported the sector in 'designing and adopting innovative new approaches to exploiting the research base for economic and societal benefit'. This framework, focussed on outcomes, should support the future development of the UIF as a basis for setting future ambition and priorities.
61. The KTG metrics return will continue for AY 2016-17, at the Scottish Government's request, after which we intend to focus more on HEBCIS data (currently a condition of grant) as a quantitative feedback mechanism on some of the university-business interactions.

***Widening Access & Retention Fund (former Regional Coherence fund)***

62. In AY 2014-15 we carried out a review of Regional Coherence funding to ensure our approach is embedded into the Outcome Agreement process. The review concluded that the focus of the fund should be strengthened and that it be renamed the Widening Access and Retention Fund to reflect this. This fund is allocated to eight institutions and amounts to approximately £15m in total.
63. These institutions are expected to continue to demonstrate and maintain a significant commitment to the support, retention and successful outcomes of students from the most disadvantaged and deprived backgrounds. We also expect these institutions to deliver higher proportions and support cohorts of widening access students particularly in relation to those from the 20% most deprived areas than those who are not in receipt of these funds and it is on this basis that these institutions are receiving additional funds to support an inclusive approach for cohorts of these students.
64. SFC ask those institutions in receipt of these funds:
  - For institutions who are not currently maintaining a sector average retention rate for all students, SIMD20 and SIMD40, they will be asked to outline an improvement plan as part of their OA and they can use these funds to assist them with that.



- For institutions who are maintaining high retention levels for all students, SIMD20 and SIMD40, they are to use these funds to commit to maintaining and, where possible, growing these retention levels.
- Sustain and grow their SIMD20 intake and retention rates with particular regard to the low participation areas outlined above.
- Make steps towards sustaining and grow their care experienced intake and retention rates.
- Target male retention rates for improvement.

### **Additional funded places: access, articulation and skills**

65. For AY 2017-18, we would like institutions to summarise the impact of SFC investments in additional places for access, articulation, and skills made in AYs 2013-14 to AY 2016-17, and how they intend to build on these investments. Specifically institutions should report on:

- How mainstreamed additional places for access will continue to support institutions' contributions to SFC national aspirations for widening access. **SFC has an expectation that these places will be used to facilitate recruitment of those from the 20% most deprived backgrounds.** SFC intends to publish additional guidance on this in due course.
- Plans to enhance collaborative working and articulation routes to degree programmes with colleges, and the implementation of associate student status for articulating students.
- Plans for deferred undergraduate skills places, including progress with securing matched-funding from industry.

### **Financial Memorandum**

66. SFC introduced a new Financial Memorandum with universities from December 2014, which sets out the formal relationship between SFC and HEIs and the requirements with which HEIs are expected to comply in return for payment of grant by SFC. It is a condition of grant payment that a governing body and its designated officers comply with the requirements set out in the Financial Memorandum, which include the delivery of its Outcome Agreement with SFC.

## **Strategic investments**

67. Institutions are invited to discuss with their Outcome Agreement teams proposals for priority projects and programmes that are closely aligned with – and aid in the delivery of – SFC and Scottish Government key priorities. Early notice of these strategic opportunities would help SFC in managing its strategic resource, and respond quickly to the developing priorities of Government. Outcome Agreement teams will also make institutions aware of strategic investment opportunities as they arise.

## Outcome Agreement and Policy Contacts

[Contacts for policy areas and Outcome Agreements](#) can be found on our website.

At the time of writing, the contacts are as below.

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